

Message Text

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PAGE 01 SAIGON 16221 01 OF 02 120931Z

12/43

ACTION EA-13

INFO OCT-01 SS-14 ISO-00 NSC-10 NSCE-00 CIAE-00 INR-10

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FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 6968

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C O N F I D E N T I A L SECTION 1 OF 2 SAIGON 16221

LIMDIS

C O R R E C T E D C O P Y (CORRECT MRN TO READ 16221 VICE 6221)

E.O. 11652: GDS

TAGS: ECON PGOV PINS PINR VS

SUBJ: MR 3 IN PERSPECTIVE

FOLG TEL SENT ACTION SAIGON CANTHO DANANG NHATRANG FM BIEN HOA 07 SEP

73

REPEATED FYINFO:

QUOTE

C O N F I D E N T I A L BIEN HOA SECTION 1 OF 2 0478

LIMDIS

E.O. 11652: GDS

TAGS: ECON, PGOV, PINS, PINR, VS

SUBJECT: MR 3 IN PERSPECTIVE

SUMMARY: SITUATION IN MR 3 NOT AS BLEAK AND UNCERTAIN AS SOME
LOCAL CRITICS SEEM TO SUGGEST. CERTAINLY THERE ARE PROBLEMS AND
PEOPLE ARE GENERALLY UNHAPPY OVER PRICE HIKES, BUT NOT TO EXTENT
THAT THEY ARE ABOUT TO ABANDON GVN FOR MORE AUSTERE LIFE UNDER
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PAGE 02 SAIGON 16221 01 OF 02 120931Z

COMMUNISTS. MORALE OF TROOPS IS SURPRISINGLY HIGH; DESERTIONS

ARE LOWER THAN PRE-CEASE-FIRE LEVELS; GVN FORCES ARE MORE THAN HOLDING THEIR OWN IN ENCOUNTERS WITH COMMUNIST UNITS; AND THERE IS A FEELING OF CONFIDENCE IN MILITARY CIRCLES THAT TROOPS WILL RISE TO OCCASION IF COMMUNISTS DECIDE TO LAUNCH OFFENSIVE. COMMUNIST ATTEMPTS TO INDUCE PEOPLE TO MOVE TO OCCUPIED AREAS HAS FLOPPED. SMALL NUMBER WHO HAVE FALLEN FOR PROMISE OF BETTER LIFE, AS WELL AS FACT COMMUNISTS HAD TO IMPORT PEOPLE FROM CAMBODIA AND NORTH VIET-NAM TO POPULATE OCCUPIED AREAS, SHOWS HOW BADLY COMMUNISTS HAVE FAILED TO SELL THEIR WAY OF LIFE TO SIMPLE VIETNAMESE VILLAGER. RESULTS OF UPPER HOUSE ELECTION, THOUGH NOT DEMONSTRABLE BY THEMSELVES, DO REFLECT NEVERTHELESS EXTENT TO WHICH GVN IS IN CONTROL OF POLITICAL ARENA. MR 3 IS NOW IN WHAT ONE COULD CALL NO-WAR-NO-PEACE STAGE. CERTAINLY THIS IS TRUE IF ONE COMPARES CURRENT LEVEL OF FIGHTING, WHICH IS LOWEST SINCE CEASE-FIRE PERIOD BEGAN, WITH, SAY, APRIL, MAY AND JUNE OF LAST YEAR. WHAT THE FUTURE WILL BRING IS DEPENDENT UPON WHAT THE COMMUNISTS ELECT TO DO IN THE NEXT 6-12 MONTHS. IF IT IS PEACE, THE VIETNAMESE IN MR 3 WILL WELCOME IT. IF IT IS A RESUMPTION OF HOSTILITIES REMINISCENT OF THE 1972 OFFENSIVE, THE VIETNAMESE, THOUGH IT MIGHT TAKE A BIT LONGER TO CONTAIN IF EXTERNAL FORCES AND MATERIEL ARE INTRODUCED, WILL EVENTUALLY SUCCEED IN RETAINING CONTROL OF POPULATION. CORRUPTION CONTINUES TO LOOM ON HORIZON AS HANDICAP FOR GVN IN CONTEST WITH COMMUNISTS FOR HEARTS AND MINDS OF PEOPLE. CORRUPTION ITSELF WILL NOT BE DECIDING FACTOR, HOWEVER, BUT FAILURE TO ATTACK IT MIGHT REDOUND ADVERSELY ON PRESIDENT

THIEU AND THOSE AROUND HIM IF HIS DEEDS FAIL TO MATCH HIS PUBLIC COMMITMENT TO TACKLE CORRUPTION. END SUMMARY.

1. QUESTION UPPERMOST IN MINDS OF MANY OBSERVERS OF VIETNAMESE SCENE CONCERNS EXTENT TO WHICH GVN IS CAPABLE OF SURVIVING OVER LONG HAUL. SOME BELIEVE GVN WILL BE HARD PUT TO HANDLE COMMUNISTS NOW THAT AMERICAN AND OTHER ALLIED MILITARY SUPPORT IS NO LONGER AVAILABLE. OTHERS, NOTABLY SMALL GROUP WHO PURPORT TO BE NEUTRAL OBSERVERS OF EVENTS, HAVE ALREADY ADMINISTERED LAST RITES. LOCAL CRITICS, THOSE WHO ARE OUTSIDE MAINSTREAM BUT EAGER TO GET INSIDE, SUGGEST THAT IT IS ONLY A MATTER OF TIME BEFORE COMMUNISTS WILL BE IN A POSITION TO MOVE IN AND TAKE OVER REINS OF GOVERNMENT. THIS LAST GROUP OFFERS AS JUSTIFICATION FOR THEIR POSITION ECONOMIC PROBLEMS, WHICH THEY CLAIM ARE DRIVING PEOPLE TO DESPAIR; CORRUPTION, WHICH THEY SAY ABOUNDS FROM PALACE TO HAMLET LEVEL; CONFIDENTIAL

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PAGE 03 SAIGON 16221 01 OF 02 120931Z

LACKLUSTER PERFORMANMCE OF ARVN TROOPS, WHICH THEY SAY STEMS FROM LOW MORALE AND POOR LEADERSHIP; AND EROSION OF SOCIAL FABRIC, FOR WHICH SOME OF THE BLAME IS DIRECTED AT AMERICANS.

2. I CANNOT AGREE WITH THESE SOOTHSAYERS OF THE GVN CATACLYSM, NOR DOES AN OBJECTIVE AND BALANCED READING OF THE SCENE. CERTAINLY, THE GVN IS FACED WITH PROBLEMS, SERIOUS ONES, AND A GREAT MANY PEOPLE ARE DISGRUNTLED OVER RECENT PRICE HIKES. BUT THIS DOES NOT MEAN THAT THE PEOPLE OF THIS MILITARY

REGION ARE READY TO THROW IN THE TOWEL AND LET THE COMMUNISTS
TAKE OVER BY DEFAULT.

3. WHAT ONE SEES IN MR 3 IS INDEED PROMISING FOR THE FUTURE.
ONE CAN TRAVEL THE LENGTH AND BREADTH OF MR 3 AND DISCERN PROGRESS.
PERMANENT STRUCTURES, RESIDENTIAL AS WELL AS BUSINESS, ARE UNDER
CONSTRUCTION; MORE CHILDREN ARE GOING TO SCHOOL, THOUGH THERE IS
A SHORTAGE OF CLASSROOMS AND QUALIFIED TEACHERS TO ACCOMMODATE
THE POTENTIAL; MORE PEOPLE OWN LAND AND MORE IS BEING PUT UNDER
CULTIVATION; AND ONE HAS TO DIG DEEP TO FIND POVERTY AS SUCH.
ADMITTEDLY, THE AVERAGE VILLAGER IS NOT LIVING A LIFE OF LUXURY,
BUT HE IS CERTAINLY NOT A BREAD LINE STATISTIC. THE ECONOMY OF
THIS REGION, ITS SHORTCOMINGS NOTWITHSTANDING, IS IN MUCH BETTER
SHAPE THAN WHAT THE OTHER SIDE HAS TO OFFER; THUS THE COMMUNIST
SYSTEM HOLDS NO ATTRACTION FOR THE PEOPLE OF THIS REGION.

4. ECONOMIC DIFFICULTIES CURRENTLY BESETTING VIET-NAM ARE THE
CONSEQUENCES OF PROLONGED WARTIME CONDITIONS AGGRAVATED BY
ADJUSTMENT PAINS CAUSED TO A LARGE DEGREE BY WITHDRAWAL OF U.S.
FORCES. WHEN ONE JUDGES PERFORMANCE IN THIS AREA ONE MUST
REMEMBER THAT THIS COUNTRY HAS BEEN AT WAR FOR MORE THAN TWO
DECADES AND IS STILL FIGHTING FOR SURVIVAL AGAINST WHAT, AT
TIMES, APPEARS TO BE INSURMOUNTABLE ODDS TO THE AVERAGE VIETNAMESE.

5. WHILE INFLATION CONTINUES TO BE SERIOUS AND THE GOVERNMENT
IS EXPERIENCING CONSIDERABLE DISFAVOR, MOST PEOPLE IN THIS REGION
SEEM TO BE WILLING TO RIDE OUT STORM NOW THAT PRESIDENT THIEU
HAS ADJUSTED VALUE ADDED TAX IN FAVOR OF CONSUMERS AND AGREED
TO PROVIDE HARD-PRESSED SERVICEMEN AND CIVIL SERVANTS WITH
21 KILOS OF RICE PER MONTH REGARDLESS OF MARKET PRICE. THIEU
WAS ACCORDED H

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